

**DEPARTMENT OF CONSUMER AND INDUSTRY SERVICES**

**INSURANCE BUREAU**

**SMOKER AND NONSMOKER MORTALITY TABLES**

(By authority conferred on the commissioner of insurance by sections 210, 834, and 4060 of Act No. 218 of the Public Acts of 1956, as amended, being SS500.210, 500.834, and 500.4060 of the Michigan Compiled Laws)

**R 500.1281 Definitions.**

Rule 1. As used in these rules:

(a) "1958 CET table" means that mortality table developed by the society of actuaries special committee on new mortality tables which is incorporated in the NAIC model standard nonforfeiture law for life insurance and which is referred to in that model as the commissioners 1958 extended term insurance table.

(b) "1980 CET table" means that mortality table consisting of separate rates of mortality for male and female lives which is developed by the society of actuaries committee to recommend new mortality tables for valuation of standard individual ordinary life insurance, which is incorporated in the 1980 NAIC amendments to the model standard nonforfeiture law for life insurance, and which is referred to in those models as the commissioners 1980 extended term insurance table.

(c) "Composite mortality tables" means the mortality tables defined in subdivisions (a), (b), (d), and (e) of this rule as they were originally published with rates of mortality that do not distinguish between smokers and nonsmokers.

(d) "1958 CSO table" means that mortality table developed by the society of actuaries special committee on new mortality tables which is incorporated in the NAIC model standard nonforfeiture law for life insurance and which is referred to in that model as the commissioners 1958 standard ordinary mortality table.

(e) "1980 CSO table, with or without 10-year select mortality factors" means that mortality table which consists of separate rates of mortality for male and female lives, which is developed by the society of actuaries committee to recommend new mortality tables for valuation of standard individual ordinary life insurance, which is incorporated in the 1980 NAIC amendments to the model standard valuation law, and standard nonforfeiture law for life insurance, and which is referred to in those models as the commissioners 1980 standard ordinary mortality table, with or without 10-year select mortality factors. The same select factors shall be used for both smokers and nonsmokers tables.

(f) "NAIC" means national association of insurance commissioners.

(g) "Smoker and nonsmoker mortality tables" means the mortality tables with separate rates of mortality for smokers and nonsmokers derived from the tables defined in subdivisions (a), (b), (d), and (e) of this rule which were developed by the society of actuaries task force on smoker and nonsmoker mortality and the California insurance department staff, recommended by the NAIC technical staff actuarial group, and adopted by the national association of insurance commissioners on December 8, 1983.

History: 1986 AACCS.

**R 500.1282 Adoption by reference.**

Rule 2. The 1980 CSO table, with or without 10-year select mortality factors, the 1958 CSO table, the 1980 CET table, the 1958 CET table, and the corresponding smoker and nonsmoker mortality tables are adopted by reference and incorporated in these rules. A copy of the tables may be obtained free of charge from the Michigan Insurance Bureau, P.O. Box 30220, Lansing, Michigan 48909, or at a cost of 20 cents per page from the National Association of Insurance Commissioners, 1125 Grand Avenue, Kansas City, Missouri 64106.

History: 1986 AACCS.

**R 500.1283 Utilization of the 1958 CSO and CET smoker and nonsmoker mortality tables.**

Rule 3. (1) In determining minimum cash surrender values, minimum amounts and minimum periods of paid-up nonforfeiture benefits and minimum reserve liabilities, the 1958 CSO and CET smoker and nonsmoker mortality tables may only be used as set forth in this rule. The requirements of this rule shall apply to any policy of insurance delivered or issued for delivery in this state after the operative date of paragraphs 9 to 19 of section 4060(5) of Act No. 218 of the Public Acts of 1956, as amended, being S500.4060(5), paragraphs 9 to 19, of the Michigan Compiled Laws, for that policy form, and before January 1, 1989. The 1958 CSO smoker and nonsmoker mortality tables may be substituted for the 1980 CSO table, with or without 10-year select mortality factors, and the 1958 CET smoker and nonsmoker mortality tables may be substituted for the 1980 CET table.

(2) For any category of insurance issued on female lives with minimum reserve liabilities and minimum cash surrender values and amounts of paid-up nonforfeiture benefits determined using the 1958 CSO or 1958 CET smoker and nonsmoker mortality tables, such minimum values may be calculated according to an age not more than 6 years younger than the actual age of the insured.

(3) The 1958 CSO and CET smoker and nonsmoker mortality tables shall be utilized only if they are applicable to every insurance policy corresponding to the policy form for which the insurer has elected to use these tables.

History: 1986 AACCS.

**R 500.1284 Utilization of the 1980 CSO and CET smoker and nonsmoker mortality tables.**

Rule 4. (1) In determining minimum cash surrender values, minimum amounts and minimum periods of paid-up nonforfeiture benefits and minimum reserve liabilities, the 1980 CSO and CET smoker and nonsmoker mortality tables may only be used as set forth in this rule. The requirements of this rule shall apply to any policy of insurance delivered or issued for delivery in this state after the operative date of paragraphs 9 to 19 of section 4060(5) of Act No. 218 of the Public Acts of 1956, as amended, being S500.4060(5), paragraphs 9 to

19, of the Michigan Compiled Laws, for that policy form, at the option of the company. The 1980 CSO smoker and nonsmoker mortality tables, with or without 10-year select mortality factors, may be substituted for the 1980 CSO table, with or without 10-year select mortality tables, and the 1980 CET smoker and nonsmoker mortality tables may be substituted for the 1980 CET table.

(2) The 1980 CSO and CET smoker and nonsmoker mortality tables are sex-distinct tables. They may be gender blended in accordance with the provisions of R 500.1221 to R 500.1224.

(3) The 1980 CSO and CET smoker and nonsmoker mortality tables shall be utilized only if they are applicable to every insurance corresponding to the policy form for which the insurer has elected to use these tables.

History: 1986 AACS.

**R 500.1285 Insurance plan with separate rates for smokers and nonsmokers; selection of method to determine issues of plan.**

Rule 5. (1) For each plan of insurance with separate rates for smokers and nonsmokers an insurer may select 1 of the following methods to apply to such plan:

(a) Use composite mortality tables to determine minimum reserve liabilities, minimum cash surrender values, and amounts of paid-up nonforfeiture benefits.

(b) Use smoker and nonsmoker mortality tables to determine the valuation net premiums and additional minimum reserves, if any, required by section 834(6) of Act No. 218 of the Public Acts of 1956, as amended, being S500.834(6) of the Michigan Compiled Laws, and use composite mortality tables to determine the basic minimum reserves, minimum cash surrender values, and amounts of paid-up nonforfeiture benefits.

(c) Use smoker and nonsmoker mortality tables to determine minimum reserve liabilities, minimum cash surrender values, and amounts of paid-up nonforfeiture benefits.

(2) Once an insurer has selected 1 of the methods specified in subrule (1) of this rule to apply with respect to a particular plan of insurance, such method shall not be changed without the prior approval of the commissioner.

History: 1986 AACS.